The Convention gathered overwhelmingly positive response from participants from different countries.

State of the economy

*72. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) what is the current scenario of the economy with regard to recessionary trends gripping it;

(b) the extent of slowdown;

(c) the steps taken to negate its effect; and

(d) by when the slow down effect is likely to be over?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b) An economy is considered to be in a recession when its real GDP growth for two or more successive quarters is negative. Growth in gross domestic product (GDP) at constant prices, as per the data made available by Central Statistical Organisation (CSO), for the first two quarters of 2008-09, was 7.9 and 7.6 per cent respectively, with growth during the first of the year placed at 7.8 per cent. The growth in real GDP for 2008-09 is estimated to be 7.1 per cent as per the advance estimates of GDP released by CSO. Hence, the Indian economy is not in recession at this juncture.

However, it is evident that the estimated 7.1 per cent growth for 2008-09 indicates that the economy has slowed down as compared with the 9.0 per cent growth experienced in 2007-08. The estimated growth in 2008.09 is composed of growth of 2.6 per cent in Agriculture and allied sectors, 4.8 per cent in Industry and 9.6 per cent in Services as compared to a growth of 4.9 percent, 8.1 percent and 10.9 percent in 2007-08.

(c) The Government of India and the Reserve Bank of India have initiated various measures to protect the economy from the adverse effects of the slowdown that, *Inter-alia*, has its roots in the international financial crisis. Government announced two packages on 7th December, 2008 and on 2nd January, 2009 to stimulate the economy. Measures introduced in these two packages. *Inter-alia*, include: reduction in Cenvat/Excise duty; measures to support exports, additional funds to ensure full refund of Terminal Excise duty/Central Sales Tax, additional allocation for export incentive schemes, Government back-up guarantee to Export Credit Guarantee Corporation (ECGC); and, refinance facility for the National Housing Bank (NHB) and for Small Industries Development Bank of India (SIDBI) by the Reserve Bank of India.

The Reserve Bank of India have taken measures like reduction in Cash Reserve Ratio, provision of Liquidity Adjustment Facility for banks, reduction in the Statutory Liquidity Ratio, significant reduction in key policy rates like the Repo and the Reverse Repo rates and dollar swap facility for banks.

(d) Given the uncertain outlook on the global crisis, it is difficult to precisely anticipate the future economic developments. However, the smooth functioning of the Indian financial system,

the well capitalized and healthy banking system and the strong fundamentals would enable the domestic economy to reverse the recent growth moderation.

Extending loans to minority communities

*73. SHRI KAMAL AKHTAR:
SHRI NAND KISHORE YADAV:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is giving priority to minority communities in giving loans to micro, small and medium enterprises;

(b) if so, the details thereof for the last three years, State-wise;

(c) if not, the reasons therefor; and

(d) the steps being taken to improve the loan availability to minorities in Uttar Pradesh during the last three years, till date, district-wise?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) The Reserve Bank of India (RBI) has advised the Scheduled Commercial Banks, *vide* Master Circular dated July 1, 2008, to improve loan availability to all the identified Minority Communities throughout the country. The circular, *Inter-alia*, advises the banks to create a special cell and appoint nodal officers in each Bank. It also indicates how Banks should monitor credit flow to Minority communities, etc. The detailed Circular is available on website of RBI at *www.rbi.org.in.*

Further in October 2007, Public Sector Banks (PSBs) were advised by the Government to step up their lending to Minority Communities to 15% of their Priority Sector Lending over the next three years, *i.e.*, by the end of 2009-2010. As per progress reported by PSBs, the achievement, as at the end of December, 2008, stood at 10.72%.

(b) and (c) RBI has reported that it does not collate data separately for the loans given to the Minority Communities under Micro, Small and Medium enterprises. However, State—wise, total loans (outstanding) of Scheduled Commercial Banks to Minority Communities is given in the Statement (*See* below).

(d) As reported by RBI, the following are the broad guidelines issued to the Banks for improving loan availability to Minority Communities throughout the country, including Uttar Pradesh.

- That the field level functionaries should ensure that there is no inordinate gap/delay between the sanction of applications and disbursement of loans, which causes unnecessary hardship to the eligible beneficiaries;
- Branch managers should be vested with adequate discretionary powers to sanction proposals under the various welfare schemes. The exercise of these powers should not require reference to any higher authority;
- Banks should adopt simple and transparent procedure eliminating middlemen operating between beneficiaries and the banks, and expedite disposal of applications in a timely manner;